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HUNTON & WILLIAMS

RIVERFRONT PLAZA, EAST TOWER
951 EAST BYRD STREET
RICHMOND, VIRGINIA 23219-4074

TEL 804 • 788 • 8200
FAX 804 • 788 • 8218

RICHARD D. GARY
DIRECT DIAL: 804-788-8330
EMAIL: rgary@hunton.com

FILE NO: 46001.000278

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

July 19, 2001

Ms. Magalie R. Salas
Secretary
Federal Communications
Commission
445 12th Street, SW
Room 1-A835
Washington, DC 20554

Re: Arbitrations Before the Federal Communications Commission
CC Docket Nos. 00-218, 00-249, 00-251

Dear Ms. Salas:

Verizon Virginia, Inc. ("Verizon") has the following responses to AT&T's, WorldCom's and Cox' proposals to the Commission's request that we provide an agreed statement of the issues that remain following its consideration of those issues in Verizon's Motion to Dismiss. You will note as to several issues, Verizon does not agree that the issue as restated is appropriate for arbitration. If there is no modification of these issues, Verizon will renew its motion to dismiss or defer those issues.

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1. Intercarrier Compensation for ISP-Bound Traffic

AT&T Statement of the Issues

I.5 What are the appropriate terms and conditions to comprehensively implement the Commission's ISP Remand Order?

I.5.a. How should Verizon and AT&T calculate whether traffic exceeds a 3:1 ratio of terminating to originating traffic?

I.5.b. How should Verizon and AT&T implement the rate caps for ISP-bound traffic?

I.5.c. How should Verizon and AT&T calculate the growth cap on the total number of compensable ISP-bound traffic minutes?

I.5.d. How should the parties implement a Verizon offer to exchange all traffic subject to section 251(b)(5) at the rate mandated by the FCC for terminating ISP-bound traffic?

I.5.e. What mechanism should the parties utilize to implement, in an expeditious fashion, changes resulting from any successful legal appeals of the Commission's ISP Remand Order?

WorldCom Statement of the Issues

1. At the time MCIm's Arbitration Petition was filed with the Commission the issue to be addressed was whether ISP bound traffic was local traffic for purposes of reciprocal compensation. Shortly after the filing of the Petition, the Commission issued its Order on Remand and Report and order in CC Docket Nos. 96-98 & 99-68, FCC 01-131 (ISP Remand Order), addressing that specific question. Therefore, the issue to be addressed in this proceeding has evolved. The issue to be arbitrated is how best to implement and operationalize the Commission's ISP Remand Order. Thus, WorldCom proposes new contract language to be added somewhere in the text of Attachment I (Price Schedule) to supplement (but not replace) portions of Section 4 of Attachment I.

2. The parties disagree about the degree of specificity appropriate to this contract language. WorldCom believes that the contract language should describe in some detail how the parties will implement the ISP Remand Order. For example, WorldCom believes that the contract should address items such as the information access rates to be charged, the means used to identify ISP-bound Traffic, and the rights of the parties in the event that the ISP Remand Order is modified by judicial or other action. Verizon believes the language, if any, should merely reference the Order.

Verizon Response:

As an initial matter, Verizon has provided to AT&T, WorldCom and Cox its proposed contract language designed to give effect to the ISP Remand Order as appropriate in the context of a § 252 interconnection agreement. Moreover, Verizon has now received proposed contract language from both WorldCom and Cox. Because of the recent release of the ISP Remand Order, the Parties have not had the opportunity to engage in meaningful negotiations related to the exchange of this contract language. Accordingly, Verizon suggests that Issue No. I-5 be added to the mediation track in order to develop contractual language and further refine any outstanding issues. Consistent with its previous communications regarding the mediation track, Verizon's proposal is contingent on participation by all Parties to ensure that the issue is not split for purposes of the timing of any testimony.

With regard to AT&T's currently proposed Issues I-5 and I-5-a through I-5-d, Verizon agrees that these issues ultimately are appropriate for arbitration should the Parties fail to resolve them in the context of mediation. Issue I-5-e is not, however, appropriate for arbitration as it is nothing more than a "change in laws" provision that is satisfied by Section 27 of the Verizon/AT&T Proposed Interconnection Agreement to which both companies already agreed. Adding this issue would be tantamount to reopening an issue not included in AT&T's Petition and going beyond the refinement of issues contemplated as a result of Verizon's Motion to Dismiss and the Commission's July 11, 2001 correspondence.

Unlike AT&T, WorldCom suggests several sections of contract language without defining precisely the issues other than to say that the issue to be arbitrated "is how best to implement and operationalize the Commission's ISP Remand Order." (Letter at 3) As currently proposed, WorldCom's proposed Issue I-5 is inappropriate for arbitration because of its failure to focus on particular issues arising out of differences in proposed contract language. If WorldCom would agree to the issues as restated by AT&T, as noted above, Verizon suggests that they can best be resolved in the context of mediation.

With respect to Cox, Verizon is reviewing its Issues 1-5 and will consider them in mediation.

2. UNE Combinations

AT&T Statement of the Issues

III.6 Under the FCC's Rules as currently in effect, must Verizon provide to AT&T new combinations of UNEs that Verizon ordinarily combines for itself, and under what rate terms and conditions must it provide them?

WorldCom Statement of the Issues

1. The parties agree that this agreement should not provide WorldCom with combinations that are subject to FCC Rule 315(c)-(f) since that provision has been struck down by the 8th Circuit. They disagree over the scope of what is covered by (c)-(f). In WorldCom's view, the Act, as implemented in Rule 315(a) requires Verizon to provide new but not "novel" combinations. Rule (c)-(f) covers only "novel" combinations — configurations that Verizon does not use in its network. See Local Competition Order ¶ 296 (distinguishing between elements "ordinarily combined" and those "not ordinarily combined" in the network). In Verizon's view (c)-(f) covers all "new" combinations — requests by a CLEC to put together elements that are not currently combined in the network, such as a new second line to a home.

2. The parties disagree about the degree of specificity appropriate to this contract language. WorldCom believes that the contract language in several respects should describe in some detail the scope of the legal obligation set out in the FCC rule, while Verizon believes the language in those respects should merely reference the rule. Thus WorldCom proposes contract language at Section 2.4 and 2.4.1 of Attachment III that has been modified since originally proposed in WorldCom's Petition for Arbitration on April 23, 2001.

3. The parties also note that because of the legal uncertainty surrounding Rule 319(c)-(f), the parties' dispute over appropriate "change of law" language is highly relevant to this issue.

Verizon Response:

Worldcom and AT&T's efforts to refine this issue notwithstanding, Verizon continues to believe the issue is appropriate for resolution on Verizon's Motion to Dismiss. The 1996 Act only requires Verizon to provide combinations of UNEs where those UNEs are already combined. Specifically, the governing Commission rule only requires that Verizon "not separate requested network elements that [Verizon] currently combines." 47 C.F.R. § 51.315(b). The Commission rules that required Verizon to combine UNEs that are not ordinarily combined in Verizon's network, 47 C.F.R. §§ 51.315(c)-(f) were vacated by the Eighth Circuit.[1]

Consequently, Verizon will not provide AT&T combinations of UNEs to serve locations where Verizon must build new facilities, because such new facilities are, by definition, not "currently combine[d]" in Verizon's network.

In short, the issue still remains whether the Commission should effectively reverse the Eighth Circuit's decision to vacate Rule 315(c)-(f) by rewriting Rule 315(a) and (b). To the extent that WorldCom and AT&T seek contract language in the event that there is a change in law as a result of the United States Supreme Court's review of the Eighth Circuit decision, that is an issue that the Parties can address within the parameters of a change in law process under the interconnection agreement (see, e.g., Issue IV-113). To the extent that WorldCom and AT&T seek contract language that effectively rewrites Rule 315(c)-(f) under the guise of "clarification," their arguments are legally flawed and should be rejected. The issue ultimately is a question of legal interpretation appropriate for consideration on Verizon's Motion to Dismiss.

WorldCom also raises a "change in laws" provision that Verizon believes should be settled by WorldCom accepting Verizon's language for Issue IV.113, Negotiations Prompted by Change in Laws. In the alternative, WorldCom should accept the change in laws provisions to which Verizon and AT&T have agreed (Section 27 of the Verizon/AT&T Proposed Interconnection Agreement). If WorldCom is unwilling to accept either of those choices, then Verizon recommends the issue be added to the mediation track.

[1] The Commission stated in the *UNE Remand Order,* ¶480, that "we neither define the EEL as a separate unbundled network element not interpret rule 51.315 (b) as requiring incumbents to combine unbundled network elements that are 'ordinarily combined'…." Unless the Supreme Court reinstates Rules 315 (c)-(f), only currently combined UNEs need to be provided to the Parties.

3. Conversion of Services to UNEs

AT&T Statement of the Issues

III.7 Does Verizon have the right to impose operational requirements, in addition to the interim use restrictions on the conversion of special access to UNE combinations prescribed by the Commission, that further limit AT&T's ability to connect a UNE or UNE combination to other services, such as the retail and wholesale offerings of Verizon?

Subissues III.7.A, B and C would remain unchanged.[2]

WorldCom Statement of the Issues

1. MCIm believes that in Virginia it is impaired in its ability to provide the services it wished to offer if it is not able to make use of EELS, and that Virginia should therefore order the unbundling of EELs pursuant to FCC Rule 317, even though the FCC has not yet determined whether as a national matter CLECs are impaired without access to EELs, Verizon disputes that the FCC (standing in the shoes of the Virginia Commission) could or should order further unbundling, and therefore believes that this contract provision should be limited to the unbundling provided for in the FCC's June 2 Supplemental Order Clarification.

2. The parties disagree about the degree of specificity appropriate to this contract language. MCIm believes that the contract language in several respects should describe in some detail the scope of the legal obligation set out in the FCC rule, while Verizon believes the language in those respects should merely reference the rule.

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[2] Sub-Issue III.7.A. Where AT&T requests that existing services be replaced by UNEs and/or UNE Combinations, may Verizon physically disconnect, separate, alter or change in any other fashion the equipment or facilities that are used, without AT&T's consent?

Sub-Issue III.7.B. Must Verizon implement an ordering process that enable AT&T to place a bulk order for the conversion of services to UNEs or UNE Combinations?

Sub-Issue III.7.C. Should AT&T be bound by termination liability provisions in Verizon's contracts or tariffs if it converts a service purchased pursuant to such contract or tariff to UNEs or UNE Combinations?

3. The parties also note that because of the legal uncertainty and provisional nature of the Supplemental Order Clarification, the parties' dispute over appropriate "change of law" language is highly relevant to this issue.

Verizon Response:

AT&T proposes to reword Issue III.7 to determine if Verizon has the right to "impose operational requirements . . . that further limit AT&T's ability to connect a UNE or UNE combination to other services, such as the retail and wholesale offerings of Verizon?" This issue needs more specificity. Verizon does not understand what "operational requirements" AT&T is referencing or how AT&T intends to "connect the UNE or UNE combination to other services." Verizon proposes that this issue be added to the mediation track for further explanation.

AT&T continues to propose Subissues III.7.a, b and c. Verizon agrees that Subissues III.7.a and b are appropriate for mediation; Subissue III.7.c. is a legal issue that the Commission has already decided[3] and should be dismissed from this arbitration.

WorldCom has restructured its argument and suggests that the Commission "order the unbundling of EELs pursuant to FCC Rule 317" based on its belief that WorldCom's ability to provide service is "impaired" without access to EELs. Initially, Verizon is confused by WorldCom's terminology because an EEL is a combination of elements, not an element that must be unbundled. More to the point, the Commission currently has before it the issue of conversion of special access services, including an "impairment" analysis under Rule 317.[4] The Commission in this arbitration should not pre-judge or preempt the analysis now underway in the *Fourth FNPRM*.

Verizon's position has not changed in that an EEL need not be provided to a new customer as that would represent a new UNE combination that is not required to be provided based on the Eighth Circuit's invalidation of Rules 315(c)-(f). The Supreme Court will consider the Eighth Circuit's ruling in the near future. Conversion of existing special access tariff services to UNEs is not required pursuant to the Commission's *Supplemental Order Clarification*

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[3] *UNE Remand Order* fn. 985 ("We note, however, that any substitution of unbundled network elements for special access would require the requesting carrier to pay any appropriate termination penalties required under volume or term contracts.")

[4] *Fourth Further Notice of Proposed Rulemaking ("Fourth FNPRM")* CC Docket No. 96-98.

unless a significant amount of local exchange service is also provided by the requesting carrier to the particular end-user.[5]

In short, the Commission has stated it will judge issues in this arbitration under the current law and the law today is clear as to the provision of exchange access services through UNEs: service conversions to UNEs are only allowed at this time if the requesting carrier qualifies for the "local exchange service exception." Thus, Issue III.7 as restated by WorldCom should be dismissed.

4. Switching

AT&T Statement of the Issues

III.9 Under the FCC's Rules as currently in effect, must Verizon provide to AT&T unbundled local switching UNEs in all instances except where AT&T individually provides four or more access lines to an individual customer at a specific single customer premises (served from density zone 1 offices, as of 1/1/99, in the top 50 MSAs as identified in the FCC's *UNE Remand Order)?*

WorldCom Statement of the Issues

1. The parties agree that the Agreement should be consistent with the terms of the UNE Remand Order, and in particular paragraph 278 of that Order limiting the availability of unbundled local switching. They disagree in two respects about the meaning of switching exception set out in that provision, or about whether the switching exception expressly resolved the issues discussed below or instead was ambiguous as to those issues:

First, the Order limits the availability of switching in certain circumstances when four or more lines connect the switch to the customer or customer location. WorldCom believes the limitation addresses lines to the same customer location, or is ambiguous and should be so construed. Verizon believes the limitation addresses lines to the same customer, regardless of location, or should be so construed.

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[5] *Supplemental Order Clarification* at ¶ 22 ("local exchange service exception").

Second, the Order (as corrected in the errata sheet rel. Dec. 8, 1999) imposes an exception to the incumbent LEC's obligation to provide unbundled local switching only when the ILEC "provides non-discriminatory access to combinations of unbundled loops and transport (also know as the 'Extended Enhanced Link') throughout Density Zone 1." WorldCom believes that for Verizon to qualify for the exception to the requirement, it must provide an EEL from the customer location to WorldCom's (or a third party's) switch wherever requested with Density Zone 1. Verizon believes that it need only make EELs available to WorldCom in those situations set out in the Supplemental Order Clarification in order to qualify for the exception.

2. MCIm has responded to Verizon's criticism that previously submitted language concerning specialized routing was outdated. It has substituted new routing language, which it hopes responds to Verizon concerns. The above proposed language is intended to replace entirely Section 7 of Attachment III in WorldCom's originally proposed interconnection agreement of April 23, 2001.

Verizon Response:

AT&T and WorldCom request that Issue III.9, Local Switching, be restated to determine if four or more access lines must be at one location in order to trigger the Commission's exemption from the provision of local switching in Density Zone 1 in the top 50 metropolitan statistical areas in which EELs are provided. Verizon agrees this issue is appropriate for arbitration and should be subject to mediation.

WorldCom adds a second issue in that it believes "that for Verizon to qualify for the exception to the [local switching] requirement, it must provide an EEL from the customer location to WorldCom's (or a third party's) switch wherever requested within Density Zone 1." Verizon submits there is no dispute here. Verizon will comply with Rule 319(c)(2) as to the provision of EELs when it seeks the exception to local switching unbundling.

5. <u>Line Sharing on Line Splitting</u>

AT&T Statement of the Issues

1. III.10.A.

Must Verizon implement both line sharing and line splitting in a nondiscriminatory and commercially reasonable manner that allows AT&T to provide services in the high frequency spectrum of an existing line on which Verizon provides voice service (line sharing) or on a loop facility provided to AT&T as a UNE-loop or as part of a UNE-P combination (line splitting)?

Verizon Response:

See response to WorldCom Issue 1.

2. III.10.B.

Must Verizon implement line splitting in a nondiscriminatory and commercially reasonable manner that enables AT&T to use all of the features, functions and capabilities of a loop so that AT&T (or AT&T and its authorized agent) can provide services in both the low frequency and high frequency spectrum ("HFS") of a customer's existing loop facility that AT&T leases from Verizon?

Verizon Response:

See response to WorldCom Issue 1. Responding further, Verizon notes that its proposed line splitting language has already been found to implement line splitting in a nondiscriminatory and commercially reasonable manner in compliance with the Commission's rules. Under Verizon's line splitting proposals, AT&T can use all of the features, functions and capabilities of a loop so that AT&T (or AT&T and its authorized agent) can provide services in both the low frequency and high frequency spectrum ("HFS") of a customer's existing loop facility that AT&T leases from Verizon. Verizon notes, however, that AT&T has attempted to include the splitter as part of the "features, functions and capabilities of a loop," despite the Commission's rejection of this claim on more than one occasion.[6] While the Commission has agreed to re-address this issue in upcoming proceedings,[7] it has made clear that Verizon has no current obligation to purchase splitters on behalf of a CLEC, and any contract language requiring Verizon to do so must be rejected.

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[6] *See TX SBC § 271 Order* at ¶¶ 326-29; *UNE Remand Order* ¶¶ 175, 302-303.

[7] *See Line Sharing Reconsideration Order* at ¶ 25.

3. **III.10.B.1.**

Must all aspects of the operational support delivered to AT&T in support of line sharing and line splitting arrangements with Verizon [] be at no less than parity as compared to the support provided when Verizon engages in line sharing with its own retail operation, with an affiliated carrier, or with unaffiliated carriers in reasonably similar equipment configurations?

Verizon Response:

See response to WorldCom Issue 1.

4. **III.10.B.2.**

Must Verizon immediately provide AT&T with the procedures it proposes to implement line splitting on a manual basis?

Verizon Response:

See response to WorldCom Issue 1 and 5. Responding further, Verizon is unclear as to what "procedures" AT&T seeks. If AT&T seeks the service descriptions Verizon intends to implement in Virginia, it has those very procedures—and indeed participated in their development—through the New York Collaborative.

5. **III.10.B.3.**

Must Verizon implement electronic OSS, that are uniform with regards to carrier interface requirements, to implement line splitting contemporaneously with its implementation of such capabilities in New York, but in no event later than January 2002?

Verizon Response:

See Response to WorldCom Issues 1 and 5.

6. **III.10.B.4.**

Must Verizon provide automated access to all loop qualification data to AT&T simultaneously with providing automated access to itself or any other carrier, including non-discriminatory treatment with regard to planning and implementation activities preceding delivery of the automated access?

Verizon Response:

See Response to WorldCom Issues 1 and 5.

7. III.10.B.5.

Can Verizon require AT&T to pre-qualify a loop for xDSL functionality?

Verizon Response:

See Response to WorldCom Issues 1 and 5.

8. III.10.B.5.a.

If AT&T elects not to pre-qualify a loop and the loop is not currently being used to provide services in the HFS, but was previously used to provide a service in the HFS, should Verizon be liable if the loop fails to meet the operating parameter of a qualified loop?

Verizon Response:

See Response to WorldCom Issues 1 and 5. Responding further, Verizon notes that this is one of the very issues the Commission suggested the Parties address through a collaborative process.

9. III.10.B.6.

Can AT&T, (or its authorized agent), at its option provide the splitter functionality in virtual, common (*a.k.a.* shared cageless) or traditional caged physical collocation?

Verizon Response:

See Response to WorldCom Issue 1. Responding further, Verizon notes that to the extent AT&T seeks the option of whether to collocate its own splitter in a virtual or physical collocation arrangement, Verizon's proposed contract language provides what AT&T seeks. To the extent AT&T seeks the option to "provide" splitter functionality through an ILEC-owned splitter, see Response to AT&T Issue III.10.B.

10. III.10.B.7.

Must Verizon, at AT&T's request, deploy a splitter on a line-at-a-time basis as an additional functionality of the loop.

Verizon Response:

See Response to AT&T Issue III.10.B.

11. III.10.B.8.

Must Verizon perform cross-connection wiring at the direction of AT&T (or its authorized agent), including CLEC-to-CLEC cross-connections, regardless of who deploys a splitter or where it is deployed in a line sharing or line splitting arrangement?

Verizon Response:

On July 11, 2001, the Commission issued a press release announcing the adoption of rules concerning collocation requirements. FCC Press Release, *FCC Approves Rules Designed to Give New Entrants Access to Incumbent Local Phone Companies' Networks*, Docket No.: CC 98-147, Issued July 12, 2001. This Order will be forthcoming. Verizon believes this Order may resolve this issue and reserves the right to further comment, as needed, once the Commission's Order is released.

12. III.10.B.9.

Must Verizon implement line sharing/splitting in a manner consistent with that ordered in New York.

Verizon Response:

See Response to WorldCom Issue 5.

13. III.10.B.10.

Must Verizon provide allow AT&T to collocate packet switches in collocation space?

Verizon Response:

See Response to WorldCom Issue 3 and AT&T Issue 10.B.8.

14. III.10.B.11.

Must Verizon must support the loop-local switch port-shared transport combination in a manner that is indistinguishable from the operational support Verizon delivers to the retail local voice services Verizon provides in a line sharing configuration, including cases where Verizon shares a line with Verizon Advanced Data, Inc., or another Verizon affiliate, or any unaffiliated carriers. if a loop facility in a line splitting configuration is connected to Verizon's unbundled local switching functionality?

Verizon Response:

See response to WorldCom Issue 1.

15. III.10.B.12.

Is a period of thirty (30) business days more than adequate for Verizon to provide augmentations to existing collocations to enable AT&T to engage in line sharing or line splitting?

Verizon Response:

Verizon and AT&T are still negotiating this issue and may be able to reach agreement.

16. III.10.B.13.

In circumstances where it is technically feasible to convert an existing line sharing arrangement to a line splitting arrangement without physical disruption of then-existing service to the end user, must Verizon institute records-only changes to record the necessary transfer of responsibilities, without making any changes to the physical facilities used to service the customer, unless AT&T requests otherwise?

Verizon Response:

See Response to WorldCom Issue 1.

17. III.10.B.14.

In circumstances where the establishment of a line sharing or line splitting configuration requires physical retermination of wiring, must Verizon shall make such changes in a manner that assures that no less than parity is achieved for AT&T and its customers with respect to out-of-service intervals and all other operational support, as compared to line sharing or line splitting configurations that have equivalent splitter deployment options?

Verizon Response:

See Response to WorldCom Issue 1.

18. III.10.B.15.

Can Verizon require any form of collocation by AT&T as a pre-requisite to gaining access to the low frequency spectrum of a loop, the high frequency spectrum of the loop, or both, unless such collocation is required to place equipment employed by AT&T (or its authorized agent) to provide service?

Verizon Response:

To the extent AT&T addresses all copper loop arrangements, Verizon refers to its Response to WorldCom Issue 1. Verizon notes, however, that its proposed line sharing and line splitting language only requires collocation if needed to place equipment employed by AT&T or its authorized agent to provide service. To the extent AT&T addresses fiber-fed loops, See Response to WorldCom Issue 3.

Finally, Verizon notes that AT&T fails to restate its Issue V-6, relating to access to loops where NGDLC has been deployed. For the reasons outlined in its Motion to Dismiss and its Response to WorldCom Issue 3, Verizon reiterates that this issue should not be arbitrated.

WorldCom Statement of the Issues

1. The parties disagree about the degree of specificity appropriate to this contract language, especially language concerning loop qualification and line splitting migrations. Verizon believes such operational language is not needed in or appropriate for the interconnection agreement.

Verizon Response:

Just as with its original statement of Issue III-10, WorldCom's restatement of this issue remains very broad. However, Verizon believes any disputed operation issue associated with loop qualification or line splitting should dismissed from this arbitration.

In the *Line Sharing Reconsideration Order*, the Commission urged ILECs and CLECs to work together to develop processes and systems to support the complex line splitting arrangements and the associated OSS work for line splitting, including loop qualification issues.[8] Verizon has been doing just that by working with CLECs—including AT&T and WorldCom—in the New York DSL Collaborative monitored by the New York Commission in Case 00-C-0127 ("New York Collaborative") to finalize the details associated with ordering, provisioning and billing when a CLEC wants to provide line splitting. All issues disputed between Verizon and WorldCom relating to line splitting, including loop qualification, are being addressed in that collaborative, and Verizon's contract language incorporates the results of that collaborative by reference. WorldCom should not be allowed to circumvent the Commission's recommended forum for addressing these issues through arbitration.

2. MCIm proposes a three business day interval for Line Sharing, while Verizon proposes a six business day interval.

Verizon Response:

Verizon believes the parties do not have a dispute on this issue. On March 29, 2001, Verizon notified all CLECs that effective May 1st Verizon will lower its standard interval for provisioning line sharing orders on 5 or fewer arrangements to 3 business days in all Verizon-East jurisdictions, which includes Virginia.

3. MCIm proposes that Verizon's Line Sharing and line splitting obligation apply to fiber fed Loops as well as copper Loops. Verizon proposes that these obligations be limited to copper Loops.

Verizon Response:

Verizon does not dispute that the Commission's *Line Sharing Reconsideration Order* clarified that the obligation to provide access to the high frequency portion of the loop ("HFPL") extends to loops served by fiber-fed DLC. WorldCom's contract language, however, goes beyond Commission requirements that currently govern the industry and prejudge the

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[8] *Id.* at ¶¶ 21, 22 n. 41.

Commission's ongoing evaluation of many of the numerous and complex technical and operational issues resulting from the *Line Sharing Reconsideration Order*.[9]

Verizon's contract language provides access to the high frequency portion of a loop where fiber has been deployed: AT&T and WorldCom currently can access the high frequency portion of a loop served by DLC equipment by deploying a DSLAM at or near the FDI that connects Verizon's copper distribution to Verizon's DLC supported feeder, and have several options to transport their data signal back to the central office. AT&T and WorldCom may also use their own facilities or those of a third party to transport the data over a network separate from Verizon's. Thus, as the Commission has already found, Verizon's proposed language satisfies its requirements under Commission rules.[10] Similarly, the Commission has determined that "Verizon demonstrates that it makes it possible for competing carriers to provide voice and data service over a single loop, *i.e.*, to engage in line splitting."[11]

While the Commission has recognized that there are other ways in which line sharing and line splitting may be implemented, it has not mandated any particular means. Instead, the Commission has initiated further proceedings to address the difficult technical, operational, and legal issues raised by the various potential methods by which CLECs have proposed to gain access to the unbundled high frequency portion of a loop using fiber-fed DLCs and to engage in

[9] *In re Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147, and In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98*, Third Report and Order On Reconsideration in CC Docket No. 98-147, Fourth Report and Order On Reconsideration In CC Docket No. 96-98, Third Further Notice of Proposed Rulemaking in CC Docket No. 98-147, and Sixth Further Notice of Rulemaking in CC Docket No. 96-98, FCC 01-26 (rel. Jan. 19, 2001); *In re Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147 and In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996,* CC Docket No. 96-98, Order on Reconsideration and Second Further Notice of Proposed Rulemaking in CC Docket No. 98-147 and Fifth Further Notice of Proposed Rulemaking in CC Docket No. 96-98, 15 F.C.C.R. 17806 (2000) ("*Fifth Further NPRM*").

[10] *See Mass. 271 Order* at ¶ 165 (approving Verizon's arrangements for line sharing and line splitting); *see also Line Sharing Reconsideration Order* at ¶ 12 (clarifying that "where a competitive LEC has collocated a DSLAM at the remote terminal, an incumbent LEC must enable the competitive LEC to transit traffic from the remote terminal to the central office. The incumbent LEC can do this, at a minimum, by leasing access to the dark fiber element or by leasing access to the subloop element.").

[11] *Mass. 271 Order*, at ¶¶ 176-80.

line splitting.[12] AT&T and WorldCom should not be permitted to short-circuit that rulemaking by litigating these complex issues here. Because their proposals would have an industry-wide impact, principles of administrative law and judicial economy dictate that these issues be decided instead in the pending rulemaking proceedings.

Moreover, in summarizing this issue, WorldCom failed to include its proposed contract language on point, section 4.9.4.2.

4. MCIm proposes that when Verizon upgrades its network to provide DSL-based services out of remote terminals, it be given access to those remote facilities (or to Loops attached to those remote facilities) on the same terms and conditions as Verizon has access or provides access to its affiliates.

Verizon Response:

See Response to WorldCom Issue 3.

5. MCIm proposes that Verizon commit to processes and procedures it has adopted in New York and Massachusetts, and has committed to adopt in Pennsylvania regarding Line Sharing and line splitting OSS, Line Sharing and line splitting processes, and in particular the migration of UNE-P customers to Line Sharing or line splitting arrangements.

Verizon Response:

As stated, WorldCom's Issue 5 does not appear to state any dispute between the parties. Verizon's proposed contract language will implement line splitting throughout the footprint, as required by law, for AT&T and WorldCom in Virginia consistent with the service descriptions, procedures and timelines agreed upon in the New York Collaborative. This is the same process and procedure Verizon intends to adopt in Massachusetts and Pennsylvania.

Moreover, Verizon finds WorldCom's issue 5 curious in that it advocates implementing the results of the New York Collaborative in the Virginia interconnection agreements, while other WorldCom issues attempt to arbitrate specific issues being addressed by that very collaborative.

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[12] *See supra* n.35.

6. MCIm is willing to negotiate with Verizon based on Verizon's proposed contract language set out in section 3 and 4 of its addendum, "Loop Transmission Types," and "Line Sharing."

Verizon Response:

Verizon believes the parties can reach agreement on this issue.

7. The parties also note that because of relevant pending FCC proceedings relevant to this issue, the parties' dispute over appropriate "change of law" language is highly relevant to this issue.

Verizon Response:

As set forth in response to Issue I.5, this concern will be covered by the "change of laws" provisions when accepted by WorldCom and should not be arbitrated separately for line sharing and line splitting issues.

6. Collocation of Advanced Services Equipment

A. AT&T's Statement of the Issues

On July 11, 2001, the FCC issued a press release which indicates that the FCC will generally allow collocation of switching and routing equipment, including advanced services equipment. FCC Press Release, *FCC Approves Rules Designed to Give New Entrants Access to Incumbent Local Phone Companies' Networks*, Docket No. CC 98-147, Issued July 12, 2001. The Order will be forthcoming. AT&T reserves the right to further revise this issue, as needed, once the FCC's Order is released.

B. WorldCom's Statement of the Issues

Verizon believes that parties have reached agreement on this issue with respect to the contract language replacing WorldCom's Section 4.2.3 of Attachment III.

Verizon Response:

Verizon believes the Order in Docket No. CC 98-147 may resolve this issue, and reserves the right to further comment, as needed, once the FCC's Order is released.

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7. Performance Metrics and Remedies

III.14 In the event that the Virginia State Corporation Commission does not adopt and have in effect performance metrics and standards for Verizon's wholesale services by the date hearings start in this Arbitration, what are the appropriate performance metrics and standards that should apply to Verizon's delivery of services under the Agreement?

III.14.A In the event that, by the date hearings starting in this Arbitration: (1) the Virginia State Corporation Commission does not adopt and have in effect financial remedies for Verizon's wholesale services if Verizon fails to meet the performance metrics and standards adopted for Virginia; or (2) The remedies plan adopted by the Virginia State Corporation Commission does not adopt AT&T's Performance Incentive Plan, or at a minimum comport with the remedies regime that the FCC relied on in granting Verizon 271 authority in New York and Massachusetts, what are the appropriate financial remedies that should apply?

Verizon Response:

As discussed at the Status Conference on July 10, Verizon understands that the performance metrics, standards, and incentives will not be addressed at the hearing commencing in September 2001. Rather, the Commission expressed its intent to hold these issues in abeyance, because they are actively being considered by the Virginia Commission. Verizon agrees that the Commission indicated that its ultimate decision on whether to consider the details of performance metrics, standards, or incentives depends on the status of the Virginia Collaborative or a commitment from the Virginia Commission regarding the scope and timetable for the Virginia Collaborative. Verizon disputes the implication that the Virginia Commission must "adopt and have in effect" performance metrics and standards or financial incentives "by the date hearings start in this Arbitration." Rather than re-wording Issue Nos. III-14, IV-130, and VII-18, the Parties should jointly acknowledge that the Commission will hold these issues in abeyance until the conclusion of the hearings that commence in September 2001.

Sincerely,

Richard Gary/cwc

Richard D. Gary

HUNTON & WILLIAMS

RDG/tms

cc: Dorothy Atwood
Jeffrey Dygert
Kathy Farroba
Tamara Preiss
John Stanley
Katherine Power
Mark A. Keffer
Mr. David Levy
Jodie L. Kelley
J. G. Harrington
Scott Randolph
Lydia R. Pulley
David Hall
Karen Zacharia
Kelly L. Faglioni